

**From:** [Gloria-Small Moran](#)  
**To:** [Richard Bergner](#)  
**Cc:** [Stephen Halasz](#); [Gary Moore](#); [Robert Werner](#); [Rafael Casanova](#); [Philip Allen](#)  
**Subject:** Re: National Oil Recovery Corporation ("Norco") Update - REPLY  
**Date:** 03/23/2010 04:42 PM

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Dick:

Thank you for the update concerning NORCO. I have conferred with managers and staff concerning your request for additional time until April 12, 2010 to finalize discussions with a prospective purchaser of Falcon Refinery and continue performance of the RI/FS and removal work, as well as replenish the Special Accounts.

As I mentioned before, EPA will be sending NORCO a request for financial information in order to assess NORCO's ability to pay. Please expect this request letter no later than Friday, March 26, 2010. As other decisions are made concerning NORCO, I will advise you.

Thank you,

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▼ National Oil Recovery Corporation ("Norco") Update

## National Oil Recovery Corporation ("Norco") Update

**Richard  
Bergner** to: Gloria-Small Moran

03/22/2010  
03:16 PM

Cc: "Stephen Halasz"

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Ms. Moran:

Norco is currently in discussions with three prospective purchasers of



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the Refinery. The good news is that the purchase price for each of these prospects would be more than sufficient for Norco to respond immediately to the EPA's sixth SCORPIOS replenishment request and to finish the work contemplated under the two AOC's. The somewhat negative news is that the timing with respect to closing any one of these prospects is clouded.

For instance, it was anticipated that one of the prospective purchasers would enter into a definitive purchase agreement last week, evidenced by a \$1M escrow payment, which would have been used to respond to the sixth SCORPIOS replenishment request and begin with Kleinfelder the second phase under the RI/FS work plan. However, the recent oil spill and tank problems at the refinery have delayed this process. It is anticipated that Norco will have a clearer picture of where this contract is going by the end of this week.

Another proposal is proceeding towards a definitive purchase and sale contract with some earnest money, but currently not an amount sufficient to comply with the sixth SCORPIOS request. Additionally, this other prospective purchaser is requesting a due diligence period that may be impossible to meet. Additional discussions with this prospect are necessary as to earnest money and due diligence time.

The third prospect is relatively new to the refinery, but is a serious prospect and who is aware of the timing status of the other two prospects.

Norco recently received from the EPA its Notice of Non-Compliance and demand for payment of \$113,533.02, with the prospect of the matter being referred to the Department Of Justice if not paid within thirty days after the date of the Notice. The Notice is dated 3-11-2010.

In view of such, Norco respectfully requests additional time until Monday, April 12, 2010, to work toward reaching fruition with any one of the three prospective purchasers with whom Norco is in current discussions. If unsuccessful at that time to arrange for the replenishment request and to begin the phase 2 work, Norco then requests the EPA take into consideration gaining access to the two letters of credit, totaling \$1M, and using those funds to respond to the sixth SCORPIOS replenishment request and to finish the second phase of RI/FS work plan (both of which together total \$825,031.00) to be conducted and as estimated by Kleinfelder.

Thank you for your consideration to this request.

Richard F. Bergner